

NATIONAL PROGRAM TO ASSIST CHILDREN UNDER THREE C WAWA WASI (STAGE I)

(PE-0167)

EXECUTIVE SUMMARY

BORROWER AND GUARANTOR: Republic of Peru

EXECUTING AGENCY: Ministry for the Advancement of Women and Human Development (PROMUDEH)

AMOUNT AND SOURCE:

	Stage I	Stage II
IDB:	US\$46.6 million	US\$57.0 million (OC)
Local counterpart:	US\$20.0 million	US\$25.3 million
Subtotal:	US\$66.6 million	US\$82.3 million
Total	US\$148.9 million	

FINANCIAL TERMS AND CONDITIONS:

Amortization period: 25 years
Grace period: 3 years (stage I)
Disbursement period: 3 years (stage I)
Interest rate: variable
Inspection and supervision: 1%
Credit fee: 0.75% per annum
Currency: United States dollar under the
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OBJECTIVES:

The general objective of the program is to promote across the country services and actions to foster the integrated development of children under three, particularly children at risk. The specific objectives of the program are: (i) to provide quality integrated care for children under three living in extreme poverty through formal establishment of the PROMUDEH program; (ii) to develop and promote a suitable culture of nurture in conjunction with parents and the community; and (iii) to promote organized community participation in providing support for children under three.

DESCRIPTION:

The Wawa Wasi program will provide continuity for the pilot project financed in part by the Bank since 1993. A five-year program has been designed to be carried out in two stages, of which one will last three years and the other two. The new Wawa Wasi program has the following characteristics: (a) focus on areas of extreme poverty; (b) government financing of the bulk of the costs of the program (85%) with parents covering only the remaining 15% through a supplementary payment to caregivers; (c) a significant change in the program's operating structure, with the community participating in the delivery of services and being actively involved in their management and supervision.

The project has five components:

a. Integrated child care (US\$28.1 million -

is the main component and will absorb close to 40% of program funds. It consists of full-time daycare for a safe environment that provides affection and stimulation. The care is complemented with psychosocial and motor skills and health services. The integrated care will be the home of a caregiver who will take in six to eight children in a Wawa Wasi community home to be financed under the program to accommodate about 24 children.

b. **Training (US\$1.5 million - Stage I).** All people in the program will be trained in order to establish centers to lead the program and/or provide basic integrated care for boys and girls and to educate families in rearing children. The main items in this component: (i) training events for executors; (ii) production of training materials; and (iii) creation of learning resource centers in the coordinating offices of the regional program offices.

c. **Promotion and dissemination (US\$1.6 million - Stage I).** Includes actions to develop and implement a communication strategy, understood as a series of institutional activities to disseminate the program among the different groups and to consolidate its image, and encourage people to adopt a culture conducive to integrated child development. Funding will be provided for designing and producing brochures, videos, radio programs, guides for parents, training in social marketing.

d. **Infrastructure (US\$21.1 million - Stage I).** To compensate for the lack of suitable infrastructure, Wawa Wasi community homes will be built in public spaces to look after an average of 24 children, the equivalent of three individual Wawa Wasis. One central Wawa Wasi will be built in stage one.

e. **Support for execution capacity (US\$6.7 million - Stage I).** Includes: (i) technical assistance; (ii) monitoring and evaluation; and (iii) administration.

**THE BANK'S
COUNTRY AND
SECTOR STRATEGY:**

The Bank's country strategy includes: (i) support for modernization of the economy; (ii) poverty reduction and increased coverage of social services and more efficient delivery of these services; and (iii) support for modernization of the State.

This project will contribute to poverty reduction and an improvement in the coverage and efficiency of social services. By fostering more equitable development for a larger number of children, it will provide them with greater chances of success in school and in their future working lives. The project will also increase family income, since it makes the situation easier for working mothers and provides jobs for caregivers and for program managers on the local level.

In addition to technical-cooperation activities to support the Wawa Wasi program, in October 1996, the Bank approved a project to improve the quality of education (PE-0116) which earmarks a large portion of its funding to boost the coverage and quality of early education for five-year-olds, which would complement the Wawa Wasi program. That project does not include funds for children under three.

**ENVIRONMENTAL AND
SOCIAL ASPECTS:**

The negative impacts of the project are small and are limited to the infrastructure to be built. To alleviate any effects, the project cycle for the construction of works includes a mechanism for environmental quality control (see paragraphs 2.48 and 4.15). The social impacts are positive. In indigenous areas, the integrated care service will be provided by a local indigenous mother (paragraphs 4.16 and 4.17) and all the materials for promoting the program and fostering a culture of child nurture will be adjusted as necessary to the different cultural and linguistic characteristics of each region, and will include the ethnic elements needed for their acknowledgement and acceptance by indigenous communities.

BENEFITS:

The national program to assist children under three (Wawa Wasi) will bring major benefits to the direct beneficiaries (children and their families) as well as to the communities where it is implemented. Three types of benefits are involved:

i. Benefits for early child development

a. Integrated care will result in better development of child's intelligence, personality and social skills. It will have a considerable impact in the medium and long terms on the child's development and his school performance and on the child's contribution to society. The integrated care services will be provided to 75,000 children under three during Stage I of the program, the coverage increasing to 150,000 children in Stage II. The program is expected to result in proper motor, cognitive, and social development for 90% of the beneficiaries.

b. The education campaigns for parents and the health care services for all children will provide sustainability for program and permit other children not being served directly by the program to benefit as well. This component is expected to reach 100,000 children in Stage I and 300,000 in Stage II.

ii. Economic benefits

a. The program will facilitate access to jobs for women to join the workforce, since they will have access to services.

b. The program will create work for people living in rural areas through demand for services and local purchases and goods for its components. Approximately 12,000 people will be employed in Stage I and 19,000 in Stage II.

iii. Community benefits

a. Grass-roots community organizations will be strengthened through their inclusion in different stages of the program implementation, administration and supervision. During the implementation they will receive training to enable them to provide services. Approximately 800 management committees will be created to manage the program at the local level in Stage I, with the number increasing to 1,200 in Stage II.

RISKS:

The following risks have been identified:

a. Slow implementation of the program owing to the lack of capacity of grass-roots organizations to perform the tasks assigned to them. To mitigate this risk, the measures will be taken to strengthen the capacity of the organizations involved in administering and supervising the program.

b. Dependence on other public institutions for the nutrition and health care components. The measures will be taken to reduce this risk: (i) PROMUDEH will transfer all the financial resources needed to finance the program to the National Food Program (PRONAA); they can be redirected if the quality of the service is inadequate; (ii) an agreement will be signed with the Ministry of Health (MINSA) prior to the first disbursement of the loan, setting forth the ministry's responsibilities under the program; and (iii) the direct transfer of funds to the PRONAA, prepare and distribute food will be tested with management committees, which will mean that PRONAA will be involved in those cases.

c. Possible difficulties in execution owing to the lack of commitment of participants (communities, parents, communal enterprises, PRONAA, MINSA). To alleviate this risk, the following measures will be taken: (i) a transparency of the program will be ensured through a communication and dissemination campaign, particularly with respect to the responsibilities and rights of each of the players; (ii) the program manual spells out the functions and actions to be performed by each participant; and (iii) the program will be monitored continuously through: (a) a monitoring system that will collect data on the quality of services delivered to the beneficiaries; (b) annual internal and external evaluations of management and the quality of services; and (c) program review meetings to be held semiannually in the first year and thereafter, which will review the results in the preceding year and adjust future execution plans.

d. Lack of continuity in government investments in the sector. This risk appears to be small for the following reasons: (i) the proposed program is a continuation of the pilot program partly financed by the Bank since 1993, which confirms the government's commitment to the sector; (ii) a five-year program with two loan operations has been planned, reflecting the government's intention to gradually expand the program, monitoring its execution; and (iii) promotion of the program on the basis of strong community participation are partial sustainability and pressure for continuing with it in the future.

**SPECIAL
CONTRACTUAL
CONDITIONS:**

Precedent to the first disbursement :

a. Evidence that a national Wawa Wasi program has been established as an independent administrative unit within PROMUDEH and from commencement of the process of hiring incremental staff for the coordinating unit (paragraph 2.27).

b. Opening of the bank accounts required to manage the program (paragraph 3.14).

c. Agreement between PROMUDEH and the Ministry of Health regarding the functions and responsibilities of the Wawa Wasi program (paragraph 2.27).

d. Presentation of the monitoring and evaluation

be used for the program (paragraph 2.58).

Subsequent to loan eligibility:

a. Evidence that, within three months after the been declared eligible for disbursement, the program tem is functioning (paragraph 2.58).

**POVERTY TARGETING
AND SOCIAL SECTOR
CLASSIFICATION:**

This program qualifies automatically as a poverty-targeted investment, since its focus is the early development of children living in extreme poverty.

PROCUREMENT:

International competitive bidding will be used for construction works valued at more than US\$3 million and for the procurement of goods and services valued at more than US\$250,000. Procurement is not expected to exceed those thresholds.

**PROCEDURES FOR
APPROVAL OF STAGE
TWO:**

Each of the stages will be supported by a separate Bank loan (US\$46.6 million and US\$57 million), with the first being executed in three years and the second in two years. Approval of stage two will be contingent on verifying that at least 80% of the funds for stage I have been disbursed and that satisfactory progress has been made on the basis of the indicators agreed upon. At that point, a memorandum showing disbursements and the progress made, with a request that approval be given to continue with stage two, will be presented to the Board of Executive Directors.